



February 20, 2009

SENATE BILL No. 87

DIGEST OF SB 87 (Updated February 18, 2009 1:31 pm - DI 104)

Citations Affected: IC 4-13; IC 27-8; IC 27-13.

Synopsis: Health benefit payments. Requires notice of certain payment requirements when direct payments of health benefits are made to covered individuals. Prohibits certain health providers from billing covered individuals for amounts owed by health benefit plans. Makes a conforming amendment.

Effective: July 1, 2009.

Miller

January 7, 2009, read first time and referred to Committee on Health and Provider Services.
February 19, 2009, reported favorably — Do Pass.

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SB 87—LS 6503/DI 97+



February 20, 2009

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

SENATE BILL No. 87

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-13-16.5-1, AS AMENDED BY P.L.3-2008,
2 SECTION 5, AND AS AMENDED BY P.L.87-2008, SECTION 1, IS
3 CORRECTED AND AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE JULY 1, 2009]: Sec. 1. (a) The definitions in this section
5 apply throughout this chapter.
6 (b) "Commission" refers to the governor's commission on minority
7 and women's business enterprises established under section 2 of this
8 chapter.
9 (c) "Commissioner" refers to the deputy commissioner for minority
10 and women's business enterprises of the department.
11 (d) "Contract" means any contract awarded by a state agency for
12 construction projects or the procurement of goods or services,
13 including professional services. *For purposes of this subsection,*
14 *"goods or services" may not include the following when determining*
15 *the total value of contracts for state agencies:*
16 (1) Utilities.
17 (2) Health care services (as defined in ~~IC 27-8-11-1(c)~~).

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1 **IC 27-8-11-1)).**

2 *(3) Rent paid for real property or payments constituting the price*
 3 *of an interest in real property as a result of a real estate*
 4 *transaction.*

5 (e) "Department" refers to the Indiana department of administration
 6 established by IC 4-13-1-2.

7 (f) "Minority business enterprise" or "minority business" means an
 8 individual, partnership, corporation, limited liability company, or joint
 9 venture of any kind that is owned and controlled by one (1) or more
 10 persons who are:

11 (1) United States citizens; and

12 (2) members of a minority group or a qualified minority nonprofit
 13 corporation.

14 (g) "Qualified minority or women's nonprofit corporation" means a
 15 corporation that:

16 (1) is exempt from federal income taxation under Section
 17 501(c)(3) of the Internal Revenue Code;

18 (2) is headquartered in Indiana;

19 (3) has been in continuous existence for at least five (5) years;

20 (4) has a board of directors that has been in compliance with all
 21 other requirements of this chapter for at least five (5) years;

22 (5) is chartered for the benefit of the minority community or
 23 women; and

24 (6) provides a service that will not impede competition among
 25 minority business enterprises or women's business enterprises at
 26 the time a nonprofit applies for certification as a minority
 27 business enterprise or a women's business enterprise.

28 (h) "Owned and controlled" means:

29 (1) if the business is a qualified minority nonprofit corporation, a
 30 majority of the board of directors are minority;

31 (2) if the business is a qualified women's nonprofit corporation,
 32 a majority of *the members of* the board of directors are women; or

33 (3) if the business is a business other than a qualified minority or
 34 women's nonprofit corporation, having:

35 (A) ownership of at least fifty-one percent (51%) of the
 36 enterprise, including corporate stock of a corporation;

37 (B) control over the management and active in the day-to-day
 38 operations of the business; and

39 (C) an interest in the capital, assets, and profits and losses of
 40 the business proportionate to the percentage of ownership.

41 (i) "Minority group" means:

42 (1) Blacks;

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- (2) American Indians;
 (3) Hispanics; *and*
 (4) Asian Americans. ~~and~~
~~(5) other similar minority groups.~~

(j) "Separate body corporate and politic" refers to an entity established by the general assembly as a body corporate and politic.

(k) "State agency" refers to any authority, board, branch, commission, committee, department, division, or other instrumentality of the executive, including the administrative, department of state government.

SECTION 2. IC 27-8-11-1, AS AMENDED BY P.L.26-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. (a) The definitions in this section apply throughout this chapter.

(b) "Contracted provider" means a provider that has entered into an agreement with a particular insurer under section 3 of this chapter.

~~(b)~~ (c) "Credentialing" means a process through which an insurer makes a determination:

- (1) based on criteria established by the insurer; and
- (2) concerning whether a provider is eligible to:
 - (A) provide health care services to an insured; and
 - (B) receive reimbursement for the health care services; under an agreement entered into between the provider and the insurer under section 3 of this chapter.

~~(c)~~ (d) "Health care services":

- (1) means health care related services or products rendered or sold by a provider within the scope of the provider's license or legal authorization; and
- (2) includes hospital, medical, surgical, dental, vision, and pharmaceutical services or products.

~~(d)~~ (e) "Insured" means an individual entitled to reimbursement for expenses of health care services under a policy issued or administered by an insurer.

~~(e)~~ (f) "Insurer" means an insurance company authorized in this state to issue policies that provide reimbursement for expenses of health care services.

(g) "Noncontracted provider" means a provider that has not entered into an agreement with a particular insurer under section 3 of this chapter.

~~(f)~~ (h) "Person" means an individual, an agency, a political subdivision, a partnership, a corporation, an association, or any other

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entity.

~~(g)~~ (i) "Preferred provider plan" means an undertaking to enter into agreements with providers relating to terms and conditions of reimbursements for the health care services of insureds, members, or enrollees relating to the amounts to be charged to insureds, members, or enrollees for health care services.

~~(h)~~ (j) "Provider" means an individual or entity duly licensed or legally authorized to provide health care services.

SECTION 3. IC 27-8-11-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 11. (a) If an insurer directly makes to an insured a benefit payment for health care services provided by a noncontracted provider, the insurer shall, with the payment and explanation of benefits, provide notice to the insured that the payment must be sent by the insured to the noncontracted provider unless full payment for the health care services has already been made to the noncontracted provider.**

(b) If an insured does not have a choice of a contracted provider and receives from a noncontracted provider:

(1) emergency health care services; or

(2) other health care services directly related to the condition that causes the insured to receive the health care services described in subdivision (1);

the noncontracted provider shall not bill the insured for any amount owed for the health care services by the insurer or a contracted provider.

(c) The department may adopt rules under IC 4-22-2 to implement this section.

SECTION 4. IC 27-13-36-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 12. (a) If a health maintenance organization directly makes to an enrollee a benefit payment for health care services provided by a nonparticipating provider, the health maintenance organization shall, with the payment and explanation of benefits, provide notice to the enrollee that the payment must be sent by the enrollee to the nonparticipating provider unless full payment for the health care services has already been made to the nonparticipating provider.**

(b) If an enrollee does not have a choice of a participating provider and receives from a nonparticipating provider:

(1) emergency health care services; or

(2) other health care services directly related to the condition

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1 that causes the enrollee to receive the health care services
2 described in subdivision (1);
3 the nonparticipating provider shall not bill the enrollee for any
4 amount owed for the health care services by the health
5 maintenance organization or a participating provider.
6 (c) The department may adopt rules under IC 4-22-2 to
7 implement this section.

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COMMITTEE REPORT

Madam President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 87, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 87 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 8, Nays 0.

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